

Transocean Ltd. and Subsidiaries
Supplemental Effective Tax Rate Analysis

(In US\$ millions)

	Three months ended		
	Mar 31, 2011	Dec 31, 2010 (As adjusted)	Mar 31, 2010 (As adjusted)
Income from continuing operations before income taxes	245	(836)	830
Add back (subtract):			
Litigation matters	8	1	-
(Gain) loss on disposal of other assets, net	(9)	-	14
Loss on impairment of other assets, net	-	1,010	-
(Gain) loss on retirement of debt	-	13	(2)
Other, net	5	(8)	5
Adjusted income from continuing operations before income taxes	249	180	847
Income tax expense from continuing operations	81	(32)	147
Add back (subtract):			
Changes in estimates (1)	(35)	(8)	(17)
Other, net	2	-	(1)
Adjusted income tax expense from continuing operations (2)	48	(40)	129
Effective Tax Rate (3)	33.1%	3.8%	17.7%
Annual Effective Tax Rate (4)	19.3%	-22.1%	15.2%

- (1) Our estimates change as we file tax returns, settle disputes with tax authorities or become aware of other events and include changes in (a) deferred taxes, (b) valuation allowances on deferred taxes and (c) other tax liabilities.
- (2) The three months ended December 31, 2010 includes (\$65) million of additional tax expense (benefit) reflecting the catch-up effect of an increase (decrease) in the annual effective tax rate from the previous quarter estimate.
- (3) Effective Tax Rate is income tax expense divided by income before income taxes.
- (4) Annual Effective Tax Rate is income tax expense excluding various discrete items (such as changes in estimates and tax on items excluded from income before income taxes) divided by income before income taxes excluding gains and losses on sales and similar items pursuant to the accounting standards for income taxes and estimating the annual effective tax rate.